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June 7, 2004

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When calling relative to this
matter, refer to file No. 1188.

Honorable James H. Welsh
Commissioner of Conservation
Office of Conservation
P. O. Box 94275
Baton Rouge, Louisiana 70804-9275

RE: Hosston Zone, Reservoir A
Cotton Valley Formation, Reservoir A
Lower Cotton Valley Zone, Reservoir A
Elm Grove Field
Bossier Parish, Louisiana

APPLICATION FOR PUBLIC HEARING

Dear Sir:

KCS Resources, Inc. hereby makes application pursuant to the revised rules of procedure for a public hearing to consider evidence relating to the following matters pertaining to the Hosston Zone, Reservoir A, the Cotton Valley Formation, Reservoir A, and the Lower Cotton Valley Zone, Reservoir A, in the Elm Grove Field, Bossier Parish, Louisiana:

1. To authorize KCS Resources, Inc. to drill, complete and utilize three additional alternate unit wells on HOSS RA SU14, and two additional alternate unit wells on both CV RA SU14 and LCV RA SUK at the locations in Section 5-T16N-R11W, Bossier Parish, Louisiana, shown on the attached plats;
2. To authorize KCS Resources, Inc. to drill, complete and utilize two additional alternate unit wells on HOSS RA SU15, CV RA SU15 and LCV RA SUJ at the locations in Section 4-T16N-R11W, Bossier Parish, Louisiana, shown on the attached plats;

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3. To authorize KCS Resources, Inc. to drill, complete and utilize two additional alternate unit wells on HOSS RA SU16, CV RA SU16 and LCV RA SUI, at the locations in Section 3-T16N-R11W, Bossier Parish, Louisiana, shown on the attached plats;
4. To authorize KCS Resources, Inc. to drill, complete and utilize two additional alternate unit wells on HOSS RA SU23, CV RA SU23 and LCV RA SUE, at the locations in Section 8-T16N-R11W, Bossier Parish, Louisiana, shown on the attached plats;
5. To authorize KCS Resources, Inc. to drill, complete and utilize two additional alternate unit wells on HOSS RA SU22, CV RA SU22 and LCV RA SUF, at the locations in Section 9-T16N-R11W, Bossier Parish, Louisiana, shown on the attached plats;
6. To authorize KCS Resources, Inc. to drill, complete and utilize one additional alternate unit wells on HOSS RA SU21, CV RA SU21 and LCV RA SUG, at the location in Section 10-T16N-R11W, Bossier Parish, Louisiana, as shown on the attached plats;
7. To authorize KCS Resources, Inc. to drill, complete and utilize one additional alternate unit well on HOSS RA SU33, CV RA SU33 and LCV RA SUD, at the location in Section 17-T16N-R11W, Bossier Parish, Louisiana, shown on the attached plats;
8. To authorize KCS Resources, Inc. to drill, complete and utilize two additional alternate unit wells on HOSS RA SU34, CV RA SU34 and LCV RA SUC, at the locations in Section 16-T16N-R11W, Bossier Parish, Louisiana, shown on the attached plats;
9. To approve exceptions to the well location provisions of applicable Office of Conservation Orders as to the Hosston Zone, Reservoir A, the Cotton Valley Formation, Reservoir A, and the Lower Cotton Valley Zone, Reservoir

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- A, for any of the proposed alternate unit wells the locations of which, as shown on the attached plats, do not comply with the well location provisions of such orders;
10. To establish that the proposed alternate unit wells are necessary to recover hydrocarbons from each of the units on which they are to be drilled that cannot be produced effectively and efficiently from any other well located on these units;
 11. To authorize the unit allowable for these Hosston Zone, Reservoir A, Cotton Valley Formation, Reservoir A, and Lower Cotton Valley Zone, Reservoir A, units to be recovered from the any of the wells located on the units, at the discretion of the operator; and
 12. To consider and cover such other matters as the Commissioner of Conservation may deem appropriate and necessary under the circumstances.

The Hosston Zone, Reservoir A, in the Elm Grove Field, Caddo, Bossier, and Webster Parishes, Louisiana, was defined in Office of Conservation Order No. 361-A-1, effective October 1, 1972, and was further defined in subsequent Orders of the 361-A Series of Orders.

The Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo, Bossier, and Webster Parishes, Louisiana, was fully defined in Office of Conservation Order No. 361-B, effective October 1, 1973, and was further defined in subsequent Orders of the 361-B Series of Orders.

The Lower Cotton Valley Zone, Reservoir A, in the Elm Grove Field, Caddo, Bossier, and Webster Parishes, Louisiana, was defined in Office of Conservation Order No. 361-E, effective July 16, 1996.

The subject matter of this application does not require the issuance of a Pre-Application Notice.

Any pertinent data relating to this matter can be obtained at the cost of the requesting party, from Mr. Kelly Byram, 416 Travis Street, Suite 804, Shreveport, Louisiana 71101-5502, at telephone

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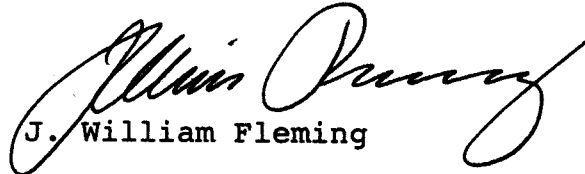
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number (318) 425-4789.

The list attached to the copies of this letter being sent to the Office of Conservation includes the names and addresses of all Interested Owners, Represented Parties and Interested Parties known to Applicant after a diligent search. A copy of this application, with plats attached, is being sent to each such party. Pursuant to Office of Conservation regulations, the referenced list of parties is being furnished only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation; however, the list of parties will be provided to any person requesting a copy of it. Also enclosed are the application fees.

Yours very truly,

COOK, YANCEY, KING & GALLOWAY


J. William Fleming

jwf:s

Enclosures

cc: James C. Broussard, District Manager
Interested Owners, Represented
Parties and Interested Parties

